12/23/88 SG615-2

NOVEMBER 1988

OREGON LABOR TRENDS

—W.E. Hunter, Administrator • State of Oregon • EMPLOYMENT DIVISION • Department of Human Resources—

INDICATORS

UNEMPLOYMENT RATE

Oregon		*(Seas. Adj)*
Oct.	1988	5.6
Sept.	1988	6.1
Oct.	1987	5.9
U.S.		
Oct.	1988	5.3
Sept.	1988	5.4
Oct.	1987	6.0

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	*1977=100*	
Oct.	1988	123.5
Sept.	1988	122.4
Aug.	1988	122.2
July	1988	121.5
June	1988	120.6

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon		
Sept.	1988	$10.56
Aug.	1988	$10.48
Sept.	1988	$10.65

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Sept.	1988	39.6
Aug.	1988	38.5
Sept.	1987	38.1

CONSUMER PRICE INDEX (CPI)

1982-84=100
ALL URBAN CONSUMERS

Portland-Vancouver	
Jan.-June 1988	113.6
Yearly change	3.4%
Annual Average 1987	110.9
Yearly change	2.5%
U.S.	
Oct. 1988	120.2
Yearly change	4.2%
Annual Average 1987	113.6
Yearly change	3.6%

Portland Hotline 221-4132

GOOD TIMES AND CONTRADICTIONS

Frank Ryals

Even in the best of times, things happen within the Oregon economy which don't seem to square with what the state as a whole is doing. There are also times when the Oregon economy seems to ignore the larger world economy for a while and go its own way. Right now, both of these contradictions are apparently present, and explanations are in order.

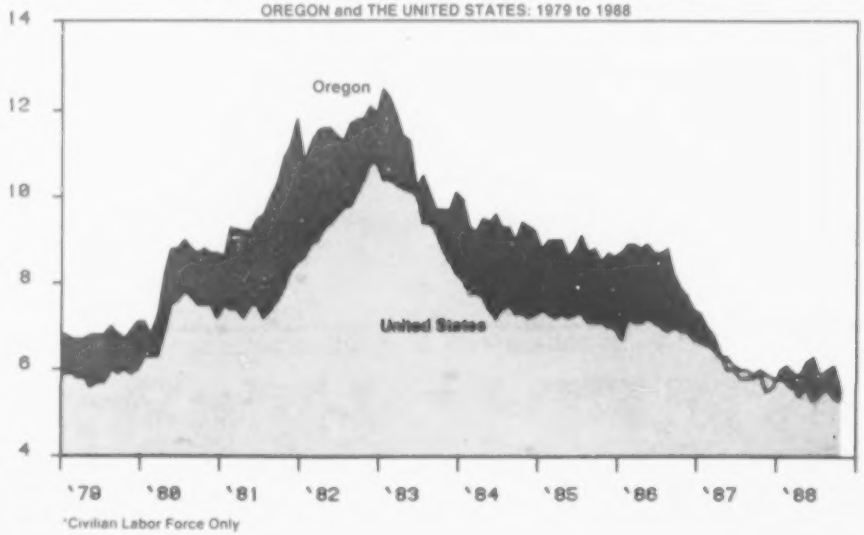
The numbers which represent the current performance of Oregon's economy are good. They are very good. In fact, some of the numbers are the best that they have ever been. When numbers are this good, it is tempting to let them speak for themselves and lose track of their meaning. However, they carry important meaning for Oregon businesspeople and workers, and this meaning can be broken down into three points:

1. Oregon's recovery and economic expansion is real, at least in some parts of the state.
2. Oregon's expansion is continuing beyond the normal range of seasonal variations, and in spite of continuing plant closings and layoffs.
3. Economic growth in Oregon will probably continue until the U.S. or the world economies receive a shock--some major change that will affect Oregon's basic goods-producing industries: agriculture, lumber and wood products, and other manufacturing.

If all of this sounds like it is intended to inspire confidence in the Oregon economy, it is. These conditions should continue to prevail at least into the coming year. Even Eastern and Southern Oregon, areas of the state where the recovery is harder to find, should see further improvements.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*

OREGON and THE UNITED STATES: 1979 to 1988



*Civilian Labor Force Only

However, as Oregonians well know, there is no bright cloud without a dark lining and eventually some rain. Many economists foresee a recession by late 1989 or early 1990. Oregonians should not be surprised by this. The conditions which will spell a slowdown of the Oregon economy all hinge on interest rates which are heavily influenced by the Nation's Central Bank, the Federal Reserve. Inflation, the factor which is most likely to lead the Fed to raise interest rates, may have any number of causes, from labor shortages to plant capacity constraints, to oil price hikes, to problems with the Federal budget deficit, to further devaluation of the dollar against foreign currencies.

Oregon is now better positioned to weather the next recession compared with the early 1980s.

Rising interest rates put the skids to the Oregon economy in two key ways:

1. High interest rates diminish housing starts and other types of construction nationally, which then reduces the demand for and the price of Oregon wood products.
2. Oregon's own construction industry, both residential and nonresidential, also typically suffers when interest rates climb.

When these two basic industries decline, the state as a whole has never failed to follow. But not to worry, because Oregon is now better positioned to weather the next recession compared with the early 1980s. There are several reasons for this:

1. The lower value of the dollar will help to insulate Oregon's export and import-sensitive industries from the next recession.
2. Many sawmills, plywood and veneer mills have automated their production processes, making them "leaner and meaner" in terms of employment.
3. Oregon residential contractors have not gone on another house-building binge like they did in the late 1970s. They won't have as far to fall if demand for new housing and other construction work slackens. And barring contract cancellations, there are a large number of industrial, commercial, and public construction projects currently underway or planned during the 1989-90 period.

So far, this has been a discussion of an imaginary recession in the midst of an economic boom. It seems to be a good time to also discuss plant closures and layoffs in an industry which is definitely enjoying its share of the current recovery.

How can an industry gain in employment while at the same time lose hundreds of jobs as plants close and shifts cut back? What can be said for an industry which can perform this seemingly schizophrenic feat? The lumber and wood products industry sent just such mixed signals during October. Logging was up by a whopping 3,500 jobs over September. This is because earlier labor disputes and forest fire dangers had subsided, and the industry made up for lost time. In fact, the average workweek in logging rose from just 27 hours per worker in September to a more ambitious 41 hours per worker in October. Logging payroll climbed from $3.3 million in September to $7.0 million in October.

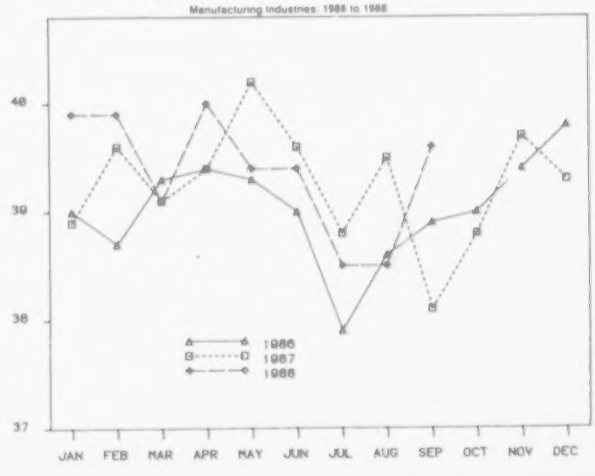
Sawmills, however, lost 400 employment in October. This decline was 200 more than expected for the month, and it is partly due to the mills running out of logs before the fruits of the loggers' overtime could reach them.

However, not all sawmill layoffs are caused by normal seasonal changes. Oregon has seen the more or less permanent loss of some 5,700 sawmill workers, and 4,700 more plywood, veneer, and specialty mill workers since 1979. These long-term losses were accompanied by the closings of many of the mills themselves during these years. Now, early in November, Willamette Industries announced the February 1989 closing of its sawmill and the abandonment of the second shift of its veneer plywood mill in Sweet Home. The sawmill currently provides 80 jobs and the veneer plant has 22 jobs on the second shift. These jobs will be sorely missed in eastern Linn County. In addition, Weyerhaeuser announced a shift cutback at its Coos Bay sawmill affecting 50 workers in January. Nor are these plant closings alone. Bohemia, Inc. recently closed its mill at Saginaw, south of Eugene. This resulted in around 60 lost jobs in Lane County. Also, close enough to home to count is the closing of Weyerhaeuser's sawmill and veneer plant in Longview, Washington.

These closings, together with shift cutbacks at other mills around the state and the completion of the closing of the Cascade Locks sawmill in Hood River County, present a picture which is difficult to understand in an industry which seems to have no trouble selling its wares.

SEASONALLY ADJUSTED NON-AG WAGE & SALARY EMPLOYMENT INDEXES
OREGON and THE UNITED STATES: 1982 to 1988

AVERAGE WEEKLY HOURS of WORKERS in OREGON
Manufacturing Industries: 1988 to 1988



RESIDENT OREGON LABOR FORCE

	OCT.[1] 1988	SEP.[2] 1988	CHANGE	%CHANGE	OCT.[3] 1987
CIVILIAN LABOR FORCE[3]	1,415,700	1,421,700-	6,000-	0.4	1,410,600
UNEMPLOYMENT	70,000	76,300-	6,300-	8.3	74,000
PERCENT OF LABOR FORCE	4.9	5.4	XXX	XXX	5.2
SEASONALLY ADJUSTED PERCENT	5.6	6.1	XXX	XXX	5.9
TOTAL EMPLOYMENT[4]	1,345,700	1,345,400	300	0.0	1,336,600

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting.*
[4]*Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants.*
[5]*Due to revised estimating procedures between December 1987 and January 1988, data for 1988 and that of previous years are not strictly comparable.*

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	OCT.[1] 1988	SEP.[2] 1988	OCT. 1987	CHANGE FROM SEP. 1988	CHANGE FROM OCT. 1987
TOTAL[3]	1,176,300	1,161,300	1,121,100	15,000	55,200
WAGE & SALARY EMPLOYMENT INDEX[4]	123.5	122.4	117.7	XXX	XXX
TOTAL MANUFACTURING	219,000	219,400	210,000	-400	9,000
DURABLE GOODS	157,600	156,300	150,500	1,300	7,100
LUMBER & WOOD PRODUCTS	69,600	67,700	67,300	1,900	2,300
LOGGING & SAWMILLS	36,100	33,100	34,100	3,000	2,000
VENEER & PLYWOOD	17,000	17,700	17,800	-700	-800
MILLWORK & STRUCTURAL WOOD	10,900	11,200	10,100	-300	800
MOBILE HOMES	1,800	1,700	1,500	100	300
OTHER WOOD PRODUCTS	3,800	4,000	3,800	-200	0
FURNITURE AND FIXTURES	2,600	2,600	2,600	0	0
STONE, CLAY, GLASS & CONCRETE	4,000	4,000	3,700	0	300
PRIMARY METALS	10,400	10,300	9,600	100	800
BLAST FURNACES, IRON & STEEL	6,100	6,100	5,700	0	400
NONFERROUS METALS	4,300	4,200	3,900	100	400
FABRICATED METALS	11,400	11,400	10,600	0	800
FABRICATED STRUCTURAL METALS	5,200	5,100	4,600	100	600
OTHER FABRICATED METALS	6,200	6,300	6,000	-100	200
MACHINERY	16,500	16,400	15,800	100	700
ELECTRICAL EQUIPMENT & SUPPLIES	15,400	15,400	13,800	0	1,600
TRANSPORTATION EQUIPMENT	12,700	13,400	11,500	-700	1,200
INSTRUMENTS & RELATED PRODUCTS	11,300	11,700	12,100	-100	-500
MISCELLANEOUS MANUFACTURING	3,400	3,400	3,500	0	-100
NONDURABLE GOODS	61,400	63,100	59,500	-1,700	1,900
FOOD & KINDRED PRODUCTS	26,800	28,400	26,100	-1,600	700
CANNING & PRESERVING	15,400	17,500	15,000	-2,100	400
OTHER FOOD PRODUCTS	11,400	10,900	11,100	500	300
TEXTILE MILL PRODUCTS	1,900	1,900	1,800	0	100
APPAREL	3,200	3,100	2,600	100	600
PAPER & ALLIED PRODUCTS	8,600	8,800	9,100	-200	-500
PRINTING & PUBLISHING	13,500	13,500	12,900	0	600
CHEMICALS & ALLIED PRODUCTS	2,200	2,200	2,000	0	200
PETROLEUM REFINING	500	500	500	0	0
RUBBER & PLASTIC PRODUCTS	4,300	4,300	4,000	0	300
LEATHER PRODUCTS	400	400	500	0	-100
TOTAL NONMANUFACTURING	957,300	941,900	911,100	15,400	46,200
MINING & QUARRYING	1,500	1,500	1,500	0	0
CONSTRUCTION	40,800	41,300	37,400	-500	3,400
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	60,700	60,200	59,100	500	1,600
TRANSPORTATION	39,200	38,800	37,800	400	1,400
RAILROAD	3,800	3,800	4,000	0	-200
TRUCKING & WAREHOUSING	22,100	21,700	21,500	400	600
OTHER TRANSPORTATION	13,300	13,300	12,300	0	1,000
COMMUNICATIONS	12,800	12,700	12,600	100	200
UTILITIES	8,700	8,700	8,700	0	0
TRADE	304,700	302,700	282,500	2,000	22,200
WHOLESALE TRADE	77,500	77,500	71,300	0	6,200
DURABLE GOODS	44,500	44,600	41,400	-100	3,100
NONDURABLE GOODS	33,000	32,900	29,900	100	3,100
RETAIL TRADE	227,200	225,200	211,200	2,000	16,000
GENERAL MERCHANDISE	30,000	28,900	27,900	1,100	2,100
FOOD STORES	39,900	38,500	34,900	1,400	5,000
AUTO DEALERS & SERVICE STATIONS	27,600	27,800	26,200	-200	1,400
OTHER RETAIL TRADE	129,700	130,000	122,200	-300	7,500
FINANCE, INSURANCE, & REAL ESTATE	74,000	75,000	71,900	-1,000	2,100
BANKING & CREDIT AGENCIES	23,900	24,100	23,600	-200	300
OTHER FINANCE, INSURANCE, & REAL ESTATE	50,100	50,900	48,300	-800	1,800
SERVICES	260,500	259,500	247,100	1,000	13,400
HOTELS & PERSONAL SERVICES	26,600	27,400	26,300	-800	300
HEALTH SERVICES	79,500	79,000	75,600	500	3,900
OTHER SERVICES	154,400	153,100	145,200	1,300	9,200
GOVERNMENT	215,100	201,700	211,600	13,400	3,500
FEDERAL GOVERNMENT	31,100	31,600	31,100	-500	0
STATE GOVERNMENT	60,900	55,700	59,500	5,200	1,400
EDUCATION	25,700	19,800	24,900	5,900	800
OTHER STATE	35,200	35,900	34,600	-700	600
LOCAL GOVERNMENT	123,100	114,400	121,000	8,700	2,100
EDUCATION	77,700	68,400	77,100	9,300	600
OTHER LOCAL	45,400	46,000	43,900	-600	1,500
LABOR – MANAGEMENT DISPUTES	800	1,100	0	-300	800

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.*
[4]*Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).*

The reasons for these closures are complex, more complex than the industry or the media have usually reported. The problem is not merely a political decision to enlarge wilderness areas or to save some old growth forests. What is really happening is the continuing long-term modernization and restructuring of the lumber and wood products industry, a process which began in the late 1970s and which was accelerated during the recession of the 1980s. Key changes which are part of the "peristroika" include:

1. Retooling mills with automated saws and production lines. This usually results in a mill which employs about half of its former work force, but with increased production capacity and less waste.
2. Retooling mills to be able to accept smaller second-growth logs. Many older mills, including these latest closures, are equipped to cut only large old-growth timber.
3. Retooling allows almost instant changes in sizes of the finished products. Shorter reaction times to changes in lumber markets make Oregon companies more competitive, and the ability to switch to metric board sizes increases the mills' export potential.

The lumber and wood products industry will continue to be an essential and basic industry, but it will require fewer workers to get the job done.

Older lumber and plywood mills have none of these advantages. Furthermore, no matter how many acres of old-growth forest are saved or cut, for all practical purposes old-growth timber is not renewable unless rotation cycles are dramatically lengthened to 200 years or longer. Since this is not feasible and would in itself result in a drastic reduction in the annual harvest of old-growth timber, its yield cannot be sustained perpetually as can second-growth forests and tree farms. So the closing of these mills is not dependent upon seasonal or current market cycles, but upon long-term, permanent changes in the forests upon which the industry depends. If they don't retool, nothing will save these mills in the long run; they all will close eventually. The political questions with which the industry, government, environmental groups, and others are now wrestling are a matter of *when* these mills close, not *if*.

So, it is consistent that mill closures will continue to occur in Oregon communities, even while the lumber industry as a whole continues to recover from its last deep recession. This process will probably not be complete until virtually all of the remaining sawmills and plywood mills are of the new, automated variety. The lumber and wood products industry will continue to be the essential, basic industry that it is, but it will require fewer workers to get the job done.

Another lumber and wood products sector worthy of note is the millwork and structural members industry. Although down 300 workers from September owing to a combination of the ending construction season and the seasonal lumber shortage, it is still 800 jobs above a year ago.

An October surprise winner is mobile home manufacturing which added 100 workers to reach 1,800, its best level in four years. Employment in this sector is 300 ahead of its October 1987 level.

Continuing to look at durable goods manufacturing, no news is good news. Most firms in these industries changed very little over last month, with the largest change being an employment loss of 500 in ship/boat building and repair, a traditionally volatile industry. The important thing to note with these manufacturers is that they have achieved an almost 5,000 job increase over a year ago. This is good evidence of the strength of Oregon's economy.

Turning to the nondurable goods manufacturing industries, the story is similar. Only a small part of this month's changes in employment is due to economic factors. The highly seasonal canning and preserving sector of the food and kindred products industry lost 2,000 jobs in October, but it was expected to lose 500 more than that. This time of year, seasonal cannery workers who are still working will probably be laid off next month. The weather is the main factor determining the length and output of the food processing season.

Two other nondurable goods manufacturing industries which need mention are apparel and paper and allied products. Apparel gained another 100 jobs in October. Not only is this 600 above last October, but 3,200 is the highest employment level for this industry since June 1980. This is a welcome trend in an Oregon industry which has seen numerous layoffs, plant closings, technological restructuring, and foreign competition during the 1980s.

Paper and allied products employment declined by 200 between September and October. Firms in this industry typically hire temporary summer help to fill in for vacationing permanent workers. In September, both the temporaries and the permanent workers on paid vacation were on the payroll and counted as employed. By October, replacement workers were laid off as regular employees returned from vacation. The 500 loss in paper industry employment from October 1987 is almost entirely due to unresolved labor disputes.

Construction this month was a mixed bag, but with overall seasonal strength. The entire industry has 3,400 more jobs than a year ago, but residential construction jobs are down from last year. Taking up the slack (and then some) is nonresidential construction which is averaging 1,300 more jobs than last year, and the specialty trades (plumbing, heating, electrical, etc.) which is up by 1,800 jobs since October 1987. The entire industry kept 400 more jobs than seasonally expected this month; the dry weather certainly did not impede their work.

Moving now to transportation, communications, and utilities, it must be noted that this set of industries has gained 1,600 jobs in the past year, with transportation alone accounting for 1,400 of that gain. Within transportation, remember the big increase in hours worked by loggers in October? Someone had to haul all of the logs, and this shows up in trucking and warehousing's employment gain of 400 over September. The total of 22,100 jobs for this industry is the highest October on record.

Trade, as a whole, boasts 22,200 more employment that it had at this time last year, with retail trade accounting for 16,000 of this increase. Even more impressive is the gain made by retail trade in October over the previous month. The 2,000 job increase is unseasonably early this year and reflects retailers' optimism for the Christmas season coupled with their concern over getting enough qualified seasonal employees in an increasingly competitive labor market. Perhaps by hiring a month earlier than traditionally, retailers are nailing down the extra help they will need well before the Christmas rush.

Food stores, in addition, are experiencing the influx of several chains of stores not previously seen in the state. This could account for at least part of the 1,400 job jump over September and 5,000 employment increase over one year ago. Also, many existing stores are enlarging and adding new departments such as on-site bakeries, delicatessens, and pharmacies, all of which requires additional personnel.

Finance, insurance, and real estate, although it has increased its employment by 2,100 in the past year, has lost 1,000 jobs since September. Banks and other credit institutions have lost 200 employment in the last month. Real estate has slipped by 500, but this is an expected seasonal decline; houses sell better when the sun shines. The 400 dip in security and insurance brokers and investors though is clearly not seasonal, and was not expected.

Seasonal changes are apparent in the monthly gains and losses in the services industries in October. Hotels and personal services lost 800 employment compared to September, but this is normal at the end of the summer tourist season. Health services added 500 employment.

October is the month that education, both public and private, reaches full school year employment levels. Private education, including all of the private colleges in the state, grew to 15,900; community colleges swelled to 11,400; public primary and secondary schools stood at 66,300, and state universities climbed to 25,700.

Other than public education, all levels of government lost small numbers of jobs in October, especially seasonal employees involved in park management, forest fire control, and construction projects.

So, even though Oregon's present good times cannot last forever, and even though plant closures and layoffs will continue to occur, Oregonians can enjoy the present prosperity and build upon it. However, they should keep themselves informed about national and global economic forces that will signal the next slowing of the Oregon economy. □

LMI PUBLICATIONS

The 1988-89 **Directory of Licensed Occupations in Oregon** was recently released by the Oregon Occupational Information Coordinating Committee (OOICC). This Directory contains information on over 100 occupations licensed by professional associations, boards and commissions. Citations for each occupation include information such as required education and training, when and where examinations are given, renewal and continuing education requirements, fees and the name and address of the licensing agency.

Copies of the **Directory of Licensed Occupations in Oregon** are available from Nancy Hargis, Executive Director, OOICC, 875 Union Street NE, Salem, OR 97311. Telephone (503) 378-8146. □

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Sept.[2] 1988	Aug.[3] 1988	Sept. 1987	Sept.[2] 1988	Aug.[3] 1988	Sept. 1987	Sept.[2] 1988	Aug.[3] 1988	Sept. 1987
TOTAL MANUFACTURING[4]	$418.18	$403.48	$405.77	39.6	38.5	38.1	$10.56	$10.48	$10.65
Durable Goods	425.52	415.42	410.02	39.4	38.5	38.0	10.80	10.79	10.79
Lumber & Wood Products	417.49	405.75	405.45	38.8	37.5	37.3	10.76	10.82	10.87
Logging & Sawmills	431.15	431.14	413.60	36.6	36.2	35.2	11.78	11.91	11.75
Veneer & Plywood	442.24	400.81	419.52	41.8	38.1	40.3	10.58	10.52	10.41
Millwork & Structural	351.04	351.35	365.66	39.8	40.2	38.9	8.82	8.74	9.40
Mobile Homes	318.59	336.08	303.09	38.2	39.4	35.7	8.34	8.53	8.49
Other Wood Products	419.05	388.88	417.10	40.1	37.5	39.8	10.45	10.37	10.48
Furniture & Fixtures	307.82	328.71	320.11	35.3	37.1	35.1	8.72	8.86	9.12
Primary Metals	520.77	508.72	520.29	41.2	40.6	42.3	12.64	12.53	12.30
Fabricated Metals	398.34	388.09	365.77	40.4	40.3	38.3	9.86	9.63	9.55
Machinery (Ex Electrical)	434.64	423.50	437.19	38.6	38.5	39.0	11.26	11.00	11.21
Nondurable Goods	400.99	374.22	392.70	40.3	38.5	38.2	9.95	9.72	10.28
Food & Kindred Products	320.78	294.03	310.05	39.7	37.6	37.4	8.08	7.82	8.29
Canning & Preserving	279.30	250.73	267.84	39.9	37.2	37.2	7.00	6.74	7.20
Other Food Products	415.79	399.38	403.82	39.3	38.7	37.6	10.58	10.32	10.74
Textile Mill Products	221.78	228.42	215.76	33.4	34.4	33.4	6.64	6.64	6.46
Apparel	242.89	238.23	221.92	38.8	38.3	36.5	6.26	6.22	6.08
Paper & Allied Products	671.89	612.35	677.73	45.8	41.6	42.2	14.67	14.72	16.06
Printing & Publishing	479.70	461.24	450.49	39.0	37.9	37.2	12.30	12.17	12.11
Construction[4]	550.62	547.79	469.22	38.0	38.2	34.4	14.49	14.34	13.64
Communications & Utilities[5]	535.66	527.20	530.13	41.3	40.9	41.0	12.97	12.89	12.93
Trade[5]	313.98	301.00	301.02	35.2	34.4	34.6	8.92	8.75	8.70
Wholesale Trade	414.29	393.02	394.13	38.9	36.8	37.5	10.65	10.68	10.51
Retail Trade	260.62	253.32	252.88	33.2	33.2	33.1	7.85	7.63	7.64
Banking & Insurance[5]	342.14	321.66	314.87	38.4	35.9	37.0	8.91	8.96	8.51
State & Local Government	396.25	400.54	382.00						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

[2]Preliminary

[3]Revised

[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

AVERAGE ANNUAL PAY BY STATE AND INDUSTRY, 1987

Jeff Hannum

The average annual pay of U.S. workers covered by State and Federal Unemployment Insurance (UI) programs increased by 4.5 percent to $20,855 in 1987, according to preliminary data recently released by the Bureau of Labor Statistics of the U.S. Department of Labor.

Annual pay data are compiled from tax reports submitted by employers under UI programs covering 101 million full-time and part-time workers. Average annual pay is computed by dividing total annual payrolls of employers covered by UI programs by average monthly employment for these employees. Included in the annual payroll data are bonuses, the cash value of meals and lodging when supplied, tips and other gratuities, and in many states including Oregon, employer contributions to certain deferred compensation plans such as 401 (K) plans. Monthly employment is based on the number of workers earning wages during the pay period including the 12th of the month. With few exceptions, all employees of covered firms are reported, including production and sales workers, corporation officials, executives, supervisory personnel, professional/technical and clerical workers.

States

Average annual pay increased in all states except Alaska and Wyoming between 1986 and 1987, as the Nation's economic expansion picked up momentum and surpassed the five year duration mark. Although Oregon experienced the largest unemployment rate drop of any state between 1986 and 1987 (8.5% to 6.2%), Oregon's rate of increase in average pay (3.1%) was below the U.S. average (4.5%).

This could be interpreted in a positive way, however, if we consider that Oregon's average inflation rate as measured by the Portland-Vancouver CPI-U was only 2.5% in 1987 compared with a 3.6% increase in the U.S. consumer price index.

Another positive factor which probably contributed to Oregon's smaller rate of increase in average annual pay was that nonfarm employment grew faster in Oregon (3.4%) last year than nationally (2.8%). Since new workers are typically hired at entry level rates of pay, the addition of many new employees tends to lower average pay levels.

AVERAGE ANNUAL PAY IN 1987

	1987	1986-87 Percent Change
United States	$20,855	4.5
Alabama	18,318	3.9
Alaska	28,008	- 1.5
Arizona	19,610	3.9
Arkansas	16,529	2.8
California	23,100	5.0
Colorado	20,736	2.3
Connecticut	24,322	8.0
Delaware	20,764	5.7
District of Columbia	28,477	4.9
Florida	18,674	5.6
Georgia	19,651	4.8
Hawaii	19,091	5.5
Idaho	17,062	2.6
Illinois	22,250	3.8
Indiana	19,692	3.5
Iowa	17,292	4.2
Kansas	18,424	2.7
Kentucky	18,008	3.7
Louisiana	18,707	2.3
Maine	17,447	6.9
Maryland	21,324	6.0
Massachusetts	22,486	7.5
Michigan	23,081	1.6
Minnesota	20,450	4.2
Mississippi	15,938	3.4
Missouri	19,601	3.6
Montana	16,438	2.2
Nebraska	16,526	2.6
Nevada	19,521	4.2
New Hampshire	19,414	6.1
New Jersey	23,842	6.9
New Mexico	17,767	2.7
New York	24,634	6.2
North Carolina	17,861	5.1
North Dakota	16,157	2.4
Ohio	20,568	3.3
Oklahoma	18,615	1.5
Oregon	**18,888**	**3.1**
Pennsylvania	20,408	5.2
Rhode Island	18,858	6.3
South Carolina	17,279	4.1
South Dakota	14,963	3.4
Tennessee	18,501	4.8
Texas	20,463	2.6
Utah	18,303	2.5
Vermont	17,703	5.0
Virginia	19,963	5.2
Washington	20,110	2.4
West Virginia	18,820	2.3
Wisconsin	18,890	3.8
Wyoming	18,817	- 0.8

Based on annual earnings per worker in 1987 by state, Oregon was once again near the middle of the pack at $18,888. The District of Columbia ($28,477) replaced Alaska ($28,008) at the top of the heap, while South Dakota ($14,963) continued to hold last place.

In recent years candidates running for elective office have often asked voters "Are you better off now than you were before?" For many workers the answer depends on how you define and measure "better off". For example, if we look at covered employment and payroll data for Oregon since the mid-1970s, it is true that average annual earnings per worker have increased every year from 1976 ($10,691) to 1987 ($18,888), an increase of 77%!

The average worker's paycheck has not kept up with inflation during the past decade.

But now let's adjust these earnings figures to remove the effects of inflation. If we use the Portland Consumer Price Index for All Urban Consumers (CPI-U) to measure inflation during this 12 year period (+95%), real annual earnings per Oregon worker in 1987 dollars have fallen by 9.2%, or $1,916 per worker. If we look at a more recent period, 1979 to 1987, inflation drops to 44% but real annual pay still declines by about 1%, or $123.

The loss of purchasing power per worker has been even greater if we use the U.S. CPI-U to measure inflation during both periods. Based on this standard, consumer prices rose by 100% between 1976 and 1987, and real annual earnings per worker in Oregon fell by 11.5%, or $2,460. Between 1979 and 1987, consumer prices jumped by 56% while real annual pay per worker declined by 8.6%, or $1,766. These trends in nominal and inflation-adjusted average annual earnings per worker are shown in the accompanying chart.

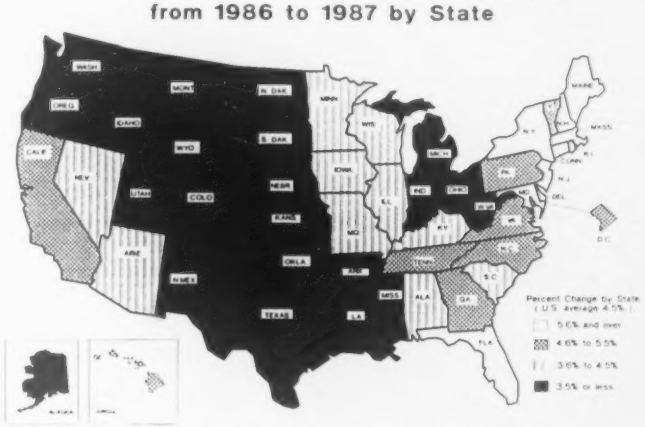
Of course, the answer to the "Are you better off now than you were before" question is more complex and ultimately depends on each persons unique situation with respect to taxes, income from other sources such as investments or other family members who are also employed, expenses, etc. True, more Oregonians than ever before are now employed and the State's unemployment rate this year may even average less than 6.0%. But the fact remains that despite these overall gains, the average worker's paycheck has not kept up with inflation during the past decade.

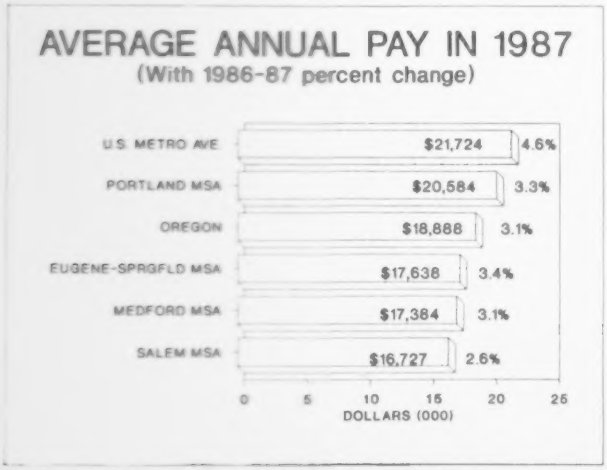
Industry

Average annual pay varies widely by industry. In Oregon, the highest paid workers ($25,739) in 1987 were employed in transportation, communication and utilities. Retail trade workers, many of whom work only part-time, earned by far the lowest average annual pay ($10,986). Together, retail trade and services have been generating the lion's share of new jobs in Oregon. Average earnings of service industry workers were also quite low in 1987 ($16,339), but these workers also enjoyed the largest percent increase in pay between 1986 and 1987. Rapid growth in two relatively well-paying sectors, health and business services, were contributing factors to the overall gain of 6.0% in annual earnings among service industry workers.

Oregon's small mining industry registered the only actual loss in average pay (-0.7%) in 1987. Workers in several other major industries (construction, manufacturing and retail trade), however, saw their average earnings grow so slowly that they failed to keep up with the 2.5% rate of inflation as measured by the Portland CPI-U. The following

Percent Change in Average Annual Pay from 1986 to 1987 by State





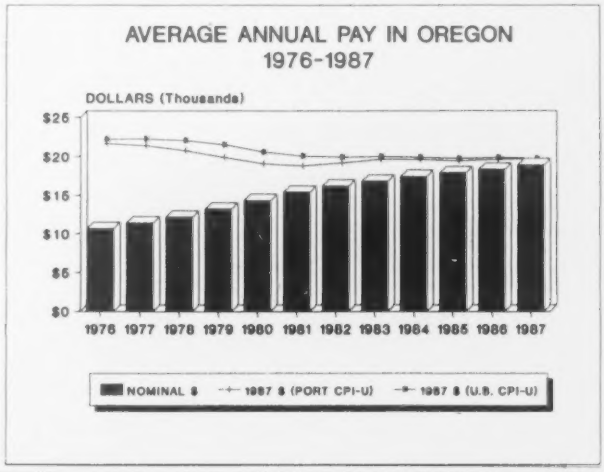


table shows average pay in 1987 by major industrial category and the percent change from 1986 to 1987.

	1987	1986-87 Percent Change
Mining	$24,457	- 0.7
Construction	$21,488	2.0
Manufacturing	$24,121	1.5
Transp., Comm. & Util.	$25,739	4.1
Wholesale trade	$23,811	3.5
Retail trade	$10,986	1.5
Fin., Ins. & R.E.	$20,693	5.5
Services	$16,339	6.0
Government	$21,120	3.2

Metropolitan Areas

The average pay for workers in 317 of the Nation's metropolitan areas last year was $21,724, an increase of 4.6% over 1986. Annual pay in all four of Oregon's major metropolitan areas was well below the U.S. average. This can be due to a number of factors including:

- the ratios of full-time to part-time workers
- the mix of industries and occupations
- the extent of unionization
- the rates of inflation in each local area
- the extent of unemployment insurance coverage in Oregon versus other states. (UI coverage is very broad and basically comparable from state to state. Last year, 90% of total civilian employment in the U.S. was under UI coverage.) □

EMPLOYERS' CORNER

Dorothy Monnier

Remember a few years back when there were a large number of well qualified job applicants for each job opening? Not so these days.

The concerns of the business community for a skilled workforce have never been greater than in the 1980s. In survey after survey, employers have identified the need for workers with stronger basic skills to accomplish tasks in the workplace of today and to adapt to the workplace of tomorrow.

More and more businesses are citing difficulties in finding qualified job applicants. We are offering the following recruitment and hiring suggestions for employers to consider during this upcoming labor shortage.

- Offer a competitive wage. If in doubt about wage rates, we will gladly provide you with local wage information.
- Offer a wage increase after a trial period. This is an incentive, and also gives you a chance to evaluate performance before increasing wages.
- Hire individuals at both ends of the age spectrum. Youths aged 15 and 16 and older workers can be valuable employees!
- Consider training on the job when possible, or using personnel with related job skills. Upgrading skills is another possibility.
- Hire on a full-time basis rather than part-time. Benefits and other perquisites attract workers.
- Eliminate dead-end jobs by providing career ladders with known ways to advance on the job.
- Expand your applicant recruitment. One recommended method is to place a job order with us and put an ad in the newspaper, listing a job order number which we can provide to you. We will screen and refer only those who meet your job specifications.
- Begin recruitment early. Plan for more lead time in the recruitment and screening stage. If you wish, give us your applications which we can have applicants complete before we refer them to you.
- Consider providing free or low-cost child care, on-site or off-site, or contribute toward child care as an employee benefit.
- Consider adding a moonlighting shift if possible - a 4-hour evening or early morning shift to attract workers already working full-time.
- Draw from people living in outlying areas who can commute to work. Contact your nearest Oregon State Employment Division Office so we can expand the search for applicants using our computer match system to various areas in the state - as well as listing openings in other states for those who can relocate! Bus in seasonal workers when appropriate. □

OREGON LABOR TRENDS

OREGON LABOR TRENDS is published monthly by the Research and Statistics Section of the Oregon Employment Division, W. E. Hunter, Administrator.

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